Family Offices and Institutional Change in Europe: A Comparative Analysis

Other

Family Offices and Institutional Change in Europe: A Comparative Analysis

Carolin Decker-Lange*
The Open University
The Open University Business School
Walton Hall
Milton Keynes, MK7 6AA, United Kingdom
Phone: +44 1908 655019
Email: Carolin.Decker-Lange@open.ac.uk

Knut Lange
Royal Holloway
School of Business and Management
University of London
Egham, Surrey, TW20 0EX, United Kingdom
Phone +44 1784 414018
Email: Knut.Lange@rhul.ac.uk

* corresponding author

Family offices and institutional change in Europe: A comparative analysis

Abstract

This study analyzes the changes in the institutional contexts of family offices in four major European economies. Drawing on institutional theory and considering capitalist varieties, it uses a qualitative content analysis of the newspaper coverage in the UK, Switzerland, Germany, and France from 2000 to 2018. The findings reveal significant changes in the regulatory environment in most countries, few changes in the normative dimension, and an increase in critical articles over time. They add to the literature on institutional change in and across countries by identifying new types of drivers of change in the context of family offices.

Keywords: family office, family business advisor, institutional change, comparative research, family entrepreneurship

1. Introduction

Most family businesses rely on various types of advisors (Kaslow, 2006; Naldi, Chirico, Kellermanns, & Campopiano, 2015). Among these, family offices act as a mechanism for the control of entrepreneurial families as well as their businesses and wealth. They help preserve the families' objectives, fortunes and values as a legacy for future generations and support families in their entrepreneurial investments and new venture creation (Strike, Michel, & Kammerlander, 2018; Suess, 2014). Family offices are widely used, most notably in the U.S. and Europe and increasingly in other parts of the world (Decker & Lange, 2013; Geveke, 2018; Glucksberg & Burrows, 2016; Zellweger & Kammerlander, 2015). Like family businesses, they interact with the institutional contexts in which they are embedded (Soleimanof, Rutherford, & Webb 2018).

Although family offices are one of the most central advisors to families and their businesses, our knowledge is limited, especially concerning cross-national comparisons (Eigenheer, 2014). How national institutional environments influence family offices and how and why rules, norms and expectations change has hardly been analyzed (Zellweger & Kammerlander, 2015). Following the repeated calls for more attention to the institutional context in entrepreneurship and family business research (e.g., Stough, Welter, Block, Wennberg, & Basco, 2015; Welter, 2011; Wright, Chrisman, Chua, & Steier, 2014), we ask, *How and why do the institutional environments in which family offices are embedded change over time?*

To address this question, we content-analyze the newspaper coverage of family offices in the UK, Germany, Switzerland, and France from 2000 to 2018. Our coding scheme is inspired by Scott's (2001) regulative, normative and cognitive pillars of institutions. The qualitative content analysis of newspaper articles through the application of these categories enables us to understand how institutions frame family offices in the four countries and to identify commonalities and differences in the way newspapers report institutional changes and the actions of family offices (von Bloh, Broekel, Özgun, & Sternberg, 2019). The longitudinal approach provides the opportunity to analyze and compare institutional change and trace developments and trends.

The study contributes to our understanding of the institutional context in which family offices are embedded, and of the critical incidents triggering institutional change across four European countries in which this central type of family business advisors is well-represented. Based on the dimensions and varieties of institutional contexts (Scott, 2001; Schneider & Paunescu, 2012), our findings highlight the relevance of context by identifying the drivers of institutional change and family offices' actions. They reveal differences between the perception and framing of entrepreneurial families' wealth and family offices in the UK, Switzerland, Germany, and France. The results also provide insights into failed attempts to change institutions. By engaging in comparative research and identifying novel causes of institutional change, as well as by analyzing failed attempts of change, we contribute to the larger body of literature on institutional change (Micelotta, Lounsbury, & Greenwood, 2017).

The remainder of this study is organized as follows. First, we review the literature on family business advisors, especially family offices, as well as on institutional contexts. Second, we elaborate on our data and methods and present the results. Finally, we discuss our findings and outline their implications for future research.

2. Literature review

2.1 Family offices as an essential type of family business advisor

Family business advisors have emerged as a new stream in the family business literature (Strike, 2012; Reay, Pearson, & Dyer, 2013; Naldi et al., 2015). They can be, for example, accountants, attorneys, lawyers, business consultants, financial service advisors, management consultants, family philanthropy managers, psychologists, and family therapists (Kaslow, 2006; Naldi et al., 2015; Reay et al., 2013). Collaboration between advisors to the same family business is increasingly crucial as family businesses grow and require a more comprehensive range of advisory services (Su & Dou, 2013). It occurs through informal coordination between independent advisors or hierarchical coordination through a central advisor, such as a family office.

The literature on family business advisors increasingly acknowledges the central role of family offices (Naldi et al., 2015; Reay et al., 2013; Strike, 2013; Strike et al., 2018; Welsh, Memili, Rosplock, & Segurado, 2013). They are professional bodies that rely on dedicated experts and act as an essential type of advisor to large entrepreneurial families and their businesses (Schickinger, Leitterstorf, & Kammerlander, 2018; Suess, 2014). “A family office serves as an administrative body that exercises control over complex financial and personal issues. It provides advice to one or more families over several generations” (Decker & Lange, 2013, p. 298). The service offerings involve the support of activities of entrepreneurial families and the coordination of other types of advisors (Jaffe & Lane, 2004; Strike et al., 2018; Welsh et al., 2013).

Family offices as units to manage the personal and financial affairs of entrepreneurial families, such as the Rockefellers, emerged in the United States in the 19th century (Gray, 2005). Hauser (2001) describes three situations that led to their establishment in the U.S. First, successful entrepreneurs were so occupied with their operating companies that they needed support to manage their wealth and personal affairs (e.g., hiring household help, paying household and personal bills). Second, families require family offices after the sale of their operating business, either through a complete sale or an initial public offering. The liquidity event, and in many cases, the loss of the operating business, leads to an acute need for support. Third, the sudden wealth created by high-tech entrepreneurs since the late 1990s contributed to the spread of family offices. The increasing demand for sophisticated advice for business families outside the U.S. (Hauser, 2001) and the emergence of a new class of wealthy individuals in developed countries such as the UK and emerging markets (Beaverstock, Hall, & Wainwright, 2013) nurtured the global diffusion of family offices. They can be structured as a single-family office serving a sole family or a multi-family office providing services to multiple families. A multi-family office is either independent or affiliated with a financial services company or a bank (Decker & Lange, 2013; Wessel, Decker, Lange, & Hack, 2014).

A separate stream of literature on family offices has emerged in (economic) sociology. In his study of the Weyerhaeuser family, Dunn (1980) analyzed how affluent families in the U.S. use family offices as a tool to reproduce their privileged social and economic position in society. Gilding (2005) outlined the importance of family offices for the accumulation, management succession, and inheritance of wealth in Australia. Glucksberg and Burrows (2016) studied the reproduction of dynastic wealth through family offices in the UK. Family offices are crucial for managing the financial and human capital of the family, and both aspects are intertwined. Other sociological contributions highlight the role of family offices in the transfer of wealth across generations and the reproduction of inequality in society (Harrington, 2016; Korom, Lutter, & Beckert, 2017).

In recent years, the family office-concept has spread from the U.S. through Europe to Asia. Decker and Lange (2016) have demonstrated that a global organizational field of multi-family offices that make similar value propositions all over the world, has emerged. Eigenheer's (2014) survey of 61 family offices in North America, Europe, Switzerland, and Asia illustrates that the objectives and characteristics of family offices are similar across regions. Investment strategies, however, are influenced by the regional context. What remains unclear, though, is to what extent the institutional environments in which family offices in different parts of the world are embedded vary and how they interact with family offices.

2.2 Institutional context

Strike (2012) highlights the effect of context on family advising. It can materialize in different ways. First, advising models differ across countries. Second, advising models developed for a national context must be adapted when transferred to another national context. Third, the level to which family businesses are willing to take advice differs across countries. Family business advisors play a negligible role in, for example, Central and South America (Lansberg & Perrow, 1991), Turkey (Bork, 2006), South Korea (Kim, 2006), and Chile (Yunis, 2006), although family businesses dominate these economies. Reasons are, amongst others, a lack of societal trust and concerns over confidentiality (Strike, 2012; Vago, 2006).

The institution-based perspective has gained significant influence in family business research (Soleimanof et al., 2018). Its rise can be attributed to a growing awareness of family firm heterogeneity (Chua, Chrisman, Steier, & Rau, 2012) and the relevance of context (Wright et al., 2014). Scott (2001) distinguishes between three institutional dimensions of context: the regulative dimension relates to rules, the normative dimension to appropriate behavior, and the cognitive dimension to symbolic systems such as frames. Soleimanof et al. (2018) categorize the literature on the interactions between family firms and institutional contexts into four areas: first, the influence of formal institutions on family firms (Carney, 2005); second, the influence of informal institutions on family firms (Jaskiewicz, Combs, & Rau, 2015); third, the impact of family firms on formal institutions (Craig & Moores, 2010); and fourth, the influence of family firms on informal institutions (Seaman, 2015).

Comparative institutionalism emphasizes the interactions between actors and institutional, mostly national, contexts (Hotho & Saka-Helmhout, 2017). Scholars have developed different frameworks to categorize countries into capitalist varieties (Hall & Soskice, 2001; Whitley, 1999). Schneider and Paunescu (2012) empirically identified three types of market economies: first, liberal market economies which encourage coordination via short-term market relations, such as UK, the U.S., and Switzerland; second, coordinated market economies which support long-term collaborative ties, such as Germany and France; and third, state-dominated economies in which the state directly influences relationships between different types of actors to a significant extent, such as Greece and Turkey. The differential role of family businesses and dedicated organizations serving entrepreneurial families in these different institutional contexts represents a promising avenue for research.

3. Methods

3.1 Data

Europe has seen the establishment of an increasing number of family offices in the last decades (Eigenheer, 2014; Geveke, 2018). Using qualitative content analysis, we examine the evolution of institutional contexts and family offices in four European countries from 2000 to 2018. European family offices do not constitute a uniform organizational field (Rosplock, 2014), possibly due to the capitalist varieties in Europe (Hall & Soskice, 2001). We concentrated on the UK, Switzerland, Germany, and France. The UK and Switzerland are liberal market economies. Germany and France are coordinated market economies, although the latter differs from the former in terms of a strong state intervention, which is not typical for coordinated market economies (Schneider & Paunescu, 2012).

The importance of family offices differs across these countries. The UK is the leading center for financial services in Europe (Decker & Lange, 2013; Rosplock, 2014). In Switzerland, which is not a member of the European Union, private banking and financial services for international investors have been offered for many decades, leading to the highest number of family offices in Europe (Decker & Günther, 2016; Geveke, 2018). Germany is the largest economy in Europe (Rosplock, 2014). It is shaped by traditional, medium-sized family-owned businesses (Decker & Lange, 2013), and driven by the expectation of the transfer of wealth from one generation to the next (Decker & Günther, 2016). In France, family offices are important because the French legislation hampers the transfer of wealth and ownership from one generation to the next. Many families sell their business after its founder's death and invest the money resulting from the sale via a system of holding companies and family offices (Carney, Gedajlovic, & Strike, 2014).

We used newspaper articles because they provide comparable information through time and across countries (Duriau, Reger, & Pfarrer, 2007) and are a credible and legitimate source of information in research adopting an institutional perspective (Graf-Vlachy, Oliver, Banfield, König, & Bundy, 2019). Their use ensures the availability of comparable data that is independent of the access to informants (Duriau et al., 2007), which is difficult given the secrecy of family offices (Decker & Lange, 2013; Decker & Günther, 2016; Eigenheer, 2014; Glucksberg & Burrows, 2016). Newspapers provide a historical record of critical incidents, influence their interpretation, and convey impressions and opinions. They reflect the dynamics of stakeholders' perceptions of family offices in their institutional contexts and the evolution of these contexts. Their bias reflects their core readers' interests, journalists' attitudes, and sources of information (Graf-Vlachy et al., 2019; Hoffman, 1999; von Bloh et al., 2019).

We retrieved 956 articles from the UK-based *Financial Times* [FT] (through the databases Factiva, Nexis and ProQuest), 80 articles from the Swiss *Neue Zürcher Zeitung* [NZZ] (through the wiso-net database), 246 articles from the German *Handelsblatt* [HB] (through wiso-net), and 48 articles from the French *Le Monde* [LM] (through Factiva and Nexis). These newspapers regularly report on family offices. To be included in the sample, an article should have at least one mentioning of the term "family office" in the body text (Hoffman, 1999; Wonneberger & Jacobs, 2017). The spatial differences of newspaper coverage reflect the varying importance of family offices across the chosen countries. They are a typical feature of entrepreneurship research drawing on news items from different regions (von Bloh et al., 2019).

3.2 Qualitative content analysis

In a content analysis of written documents, words, phrases, and sentences are coded based on superordinate themes (Duriau et al., 2007). Because all authors speak English, German and French, we could independently and interchangeably read and code the newspaper coverage in the chosen countries. We proceeded in several steps. First, we read all articles, added notes and conceived of ideas for coding the data. The initial coding was based on the literature on family offices (e.g., Decker & Lange, 2013; Welsh et al., 2013), family business advisors (e.g., Naldi et al., 2015; Strike, 2013), and the institutional context (e.g., Ahlstrom & Bruton, 2010; Hoffman, 1999). Second, guided by Scott's (2001) institutional pillars, we developed a coding scheme in English, German and French using a sub-set of articles from the newspapers. Based on this, we refined the coding scheme and identified sub-categories specifying the superordinate themes. Third, we applied the coding scheme to the entire sample and analyzed the articles clause by clause. Any disagreements among the authors were settled by discussing each case. Fourth, we compiled the paragraphs and sentences that we had coded based on the same themes. Based on these compilations, the coded data allowed for the identification of commonalities and differences across countries over time.

Regarding the *regulative* dimension, we examined the legal constraints and changes in regulation over time. The regulative structures and activities that exert coercive influence on family offices and the families behind them to comply with laws and regulations (Leaptrott, 2005), are, for example, regulatory action and costs, including criticism of regulatory programs (either existing or proposed), the development of or rumors about new regulatory programs and laws, and politics and political lobbying (e.g., taxation, inheritance, investment, entrepreneurship, access to financial products, family business governance, succession) (Ahlstrom & Bruton, 2010; Hoffman, 1999).

We shed light on the *normative* dimension by asking what desirable behaviors of family offices were. We drew on professional standards, operating procedures, accreditation, codes of conduct reflecting values and work ethics, and training and education (Ahlstrom & Bruton, 2006, 2010; Leaptrott, 2005). We also referred to voluntary professional associations, because they "represent business interests within specific domains, mobilizing the firms within these areas so that collective action can be taken on common problems" (Parada, Nordqvist, & Gimeno, 2010, p. 356). They shape the activities of family offices and the discourse about them in a national context.

The media tenor in the data captured the *cognitive* dimension. From an institutional perspective, the tone of media coverage is revealing concerning the social approval of an organization (Graf-Vlachy et al., 2019). We examined whether family offices were framed favorably or unfavorably based on incidents affecting their reputation (Panico, Raithel, & Michel, 2014; Wonneberger & Jacobs, 2017).

We assessed media prominence by asking whether or not "family office" was the primary topic in an article (Wonneberger & Jacobs, 2017). To identify critical incidents, we captured data on functional issues, i.e., corporate ability or internal problems, and external issues, i.e., pertinent topics in society or challenges in the external environment (Hoffman, 1999; Panico et al., 2014; Wonneberger & Jacobs, 2017).

4. Temporal patterns and media prominence

Based on significant incidents affecting the European economy, we divided the newspaper coverage into four study periods. Period 1 covers 2000 to 2002. It witnessed the crash of the dot-com bubble after excessive speculation in the 1990s and its impact on global financial investment (Alden, 2005). At the beginning of the 2000s, the *Financial Times* published 35 articles, among them ten primarily focusing on family offices. We found eight articles from the *Neue Zürcher Zeitung*, in which the term family office was mentioned at least once. In all but one article, this was a secondary topic. Period 1 was shaped by the emergence of a new market segment – wealthy families and individuals with an increasing interest in private equity as well as non-traditional and custom-tailored financial products – that led to the rise of family offices in the Swiss financial services industry. We identified nine articles in the *Handelsblatt* in which the term family office was mentioned. Two of them primarily focused on family offices. *Le Monde* published three articles in the early 2000s, among them two articles mainly focusing on family offices.

Period 2, from 2003 to 2006, is a period of transition and recovery from the economic downturn in 2001 (Mann & Nunes, 2009). Fifty articles were published in the *Financial Times*, among them 21 with a primary emphasis on family offices. Seven articles were published in the *Neue Zürcher Zeitung*, among them two with a primary focus on family offices. In Germany, the interest in family offices increased in Period 2. 22 articles were published. Among them, four articles primarily focused on family offices. In France, the interest in family offices was low. Just one article in *Le Monde* referred to family offices.

Period 3 covers 2007 to 2011. It witnessed the global financial crisis (2007-2008) and the recovery of the financial markets in its aftermath (Norris, 2011). In this period, 144 articles were published in the *Financial Times*, among them 44 primarily focusing on family offices. The *Neue Zürcher Zeitung* increased its coverage (19 articles, among them five with a primary focus on family offices), driven by the global financial crisis. In the German *Handelsblatt*, 30 articles covered family offices. Five articles primarily focused on family offices. Compared to the previous period, *Le Monde* slightly increased its coverage of family offices (15 articles, among them six mainly focusing on family offices).

Period 4 (2012-2018) was shaped by increased regulation and the prospect of the UK to leave the European Union (EU). It shows an upsurge of newspaper coverage in the *Financial Times*, with 353 articles mentioning family offices and 85 articles among them primarily concentrating on them. The *Neue Zürcher Zeitung* included 45 articles, among them eight mainly focusing on family offices. The final period witnessed a massive increase in the coverage of family offices in the *Handelsblatt*. 166 articles were published, among them 31 primarily focusing on family offices. Period 4 witnessed a rise in the number of family offices in France, echoing similar developments in other countries.With a total of 29 articles in *Le Monde*, the years between 2012 and 2018 showed the highest newspaper coverage in France in the period under study. Among them, just two articles primarily focused on family offices.

In the four countries, newspapers rarely covered the family office-concept before the early 2000s. When we compare the coverage across countries from 2000 to 2018, the public interest has generally increased. According to Downs' (1972) issue-attention cycle, newspaper coverage is initially low because the awareness of an issue in the public sphere is low. The subsequent increase in public interest reflects the rise in newspaper coverage. Eventually, public awareness decreases. The decrease is consistent with a decline in the number of articles.

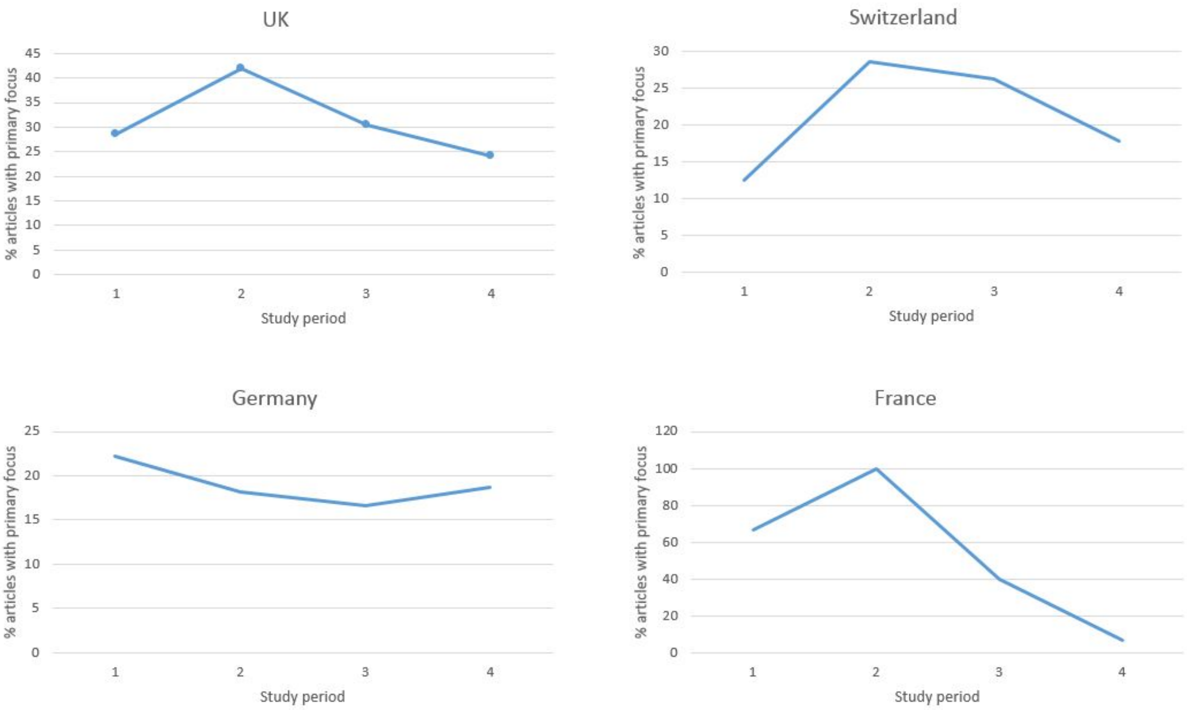

Fig. 1. Media prominence across countries and study periods

Figure 1 illustrates that, when we compare the percentages of articles with the family office as a primary topic (i.e., media prominence) in each study period, the patterns in three newspapers resemble Downs' (1972) issue-attention cycle. Only the *Handelsblatt* shows an inverted curve. This finding indicates that family offices as a central type of family business advisors have become established economic actors in the last two decades.

5. Results

5.1 Regulative dimension

The regulation was hardly emphasized in the *Financial Times* in Period 1. However, taxation and the increasing complexity of cross-border business transactions were discussed as a factor affecting wealthy families' financial needs. In the *Handelsblatt,* the regulative dimension was more critical. German regulation was considered unfavorable for wealthy families and mainly focusing on the redistribution of wealth. As this regulatory environment made wealth preservation more difficult for entrepreneurial families, family offices became more attractive.

> Preserving and optimizing a big fortune across generations implies a particular responsibility for European families. In contrast to the situation in the U.S. or the Far East, the policies of most European governments are not conducive to wealthy families, neither today nor in the future. Tax law, social law and industrial policy do not aim at continuity but reallocation of wealth. The institution "family office" has the promising objective to use globalization and asset allocation to avoid this tendency and simultaneously govern the increasing complexity of big fortunes professionally. [HB 21/11/2001]

In the Swiss and French newspapers, none of the articles referred to the regulative dimension.

In Period 2, regulative issues were barely discussed by the *Financial Times*, *Neue Zürcher Zeitung*, and *Le Monde*. Conversely, the German *Handelsblatt* reported that regulatory reforms allowed private investors for the first time to invest in hedge funds. This change indirectly supported family offices because it increased their opportunities to invest on behalf of their clients.

In Period 3, regulative issues gained in importance in the *Financial Times* around 2008. Both the U.S. and the British government started considering tighter regulation of family offices.

> Super-rich families are bracing for more aggressive demands to disclose details of their financial affairs as tax authorities step up their focus on the international wealth set. Wealth advisers warn that London risks driving away many of the super-rich families that have set up private investment and governance offices in the capital over the past decade if they are confronted by demands to reveal what they consider to be too much private information. [FT 18/12/2009]

Similarly, in Switzerland, the regulative dimension became relevant. Foreign tax laws, especially in the U.S., put pressure on the Swiss banking secrecy:

> On Thursday, President Obama signed a legislative package that also comprised the Foreign Account Tax Compliance Act. This requires financial institutions abroad that they identify their clients from the U.S. and report detailed information to the U.S.-American tax authorities RIS. [NZZ 19/03/2010]

This development had consequences for Swiss family offices:

> If a family office, a foundation or a trust has an account with a Swiss bank, then an American partner suffices to trigger reporting requirements. [NZZ 19/03/2010]

In the French *Le Monde*, Period 3 was shaped by regulative initiatives to combat tax evasion, led by Eric Woerth, Minister of Budget, Public Accounts, Public Service and State Reform:

> In June 2009, the fiscal authority of Bercy received lists of suspects that had transferred their fortunes to Switzerland or tax havens. Eric Woerth targeted these individuals, thereby offering a delay or a settlement – that means, making a payment without penalties – to those who agreed to repatriate their fortunes. In the "family offices", those wealth management structures that had been developed by the Rockefellers at the end of the 19th century, this initiative raised concerns. [LM 29/06/2010]

The *Handelsblatt* also reported regulatory changes affecting family offices. In 2009, a flat tax on private income on capital gains replaced the previously used personal tax rate. This change improved the situation of clients in Germany to some extent. However, the clients of family offices holding their assets with Swiss banks were not subject to a similar tax.

Changes in regulation were implemented across the four countries in Period 4. In the UK, increasing regulatory scrutiny accompanied by a growing number of families whose "members are scattered around the globe and need to be able to transact in those countries" [FT 06/11/2013] led to the requirement for many family offices to build up expertise in multiple jurisdictions. New taxation rules for international families in the UK, echoing the increased regulation in other countries, created challenges for many family offices and their clients:

> The decision by George Osborne, the UK chancellor, to scrap the permanent non-domicile status has created issues for London's family offices and their clients. The move, announced as part of this year's summer Budget, means those who have lived in the UK for more than 15 of the past 20 years will be deemed UK domiciled as of April 6 2017, subjecting their foreign income and gains to taxation. [FT 23/10/2015]

Regulatory initiatives like this that mainly put multi-family offices and their clients under pressure nurtured concerns that single-family offices would be subject to regulation as well shortly because of the high amounts of assets under management and the sophisticated financial products in use, among them co-investments with other family offices:

> "When one family office starts providing services to another, it needs to be very careful about looking at the regulations that apply to these activities," says Grum. "Regulations that might affect co-investing are one of the areas that can catch family offices out." [FT 20/10/2017]

Besides, the decision of the UK to leave the European Union may make purely UK-based family offices less attractive for families from abroad:

> For the wealthy with houses around the world, national ties are largely irrelevant. What counts more is political stability and security — and an advantageous tax regime. And while Britain pulling out of the EU might seem more about trade and economics, the super-rich are deeply worried about the knock-on effects of a potential Brexit. [FT 04/03/2016]

In the aftermath of the financial crisis, Switzerland continued to be an attractive location for family offices serving an international customer base, but pressures for regulation increased substantially.

> Especially policy-makers feel a strong pressure to put shackles on the financial services industry when fraud or a financial crisis reveals alleged deficiencies in regulation. In 2012, when the Parliament debated the revision of the KAG [*Kollektivanlagengesetz*, Swiss Collective Investment Schemes Act], a broad mandatory record was included in the law rather at the last minute. It says that, if a Swiss asset manager sells an investment to a pension fund or a family office, the asset manager must report the reasons why he/she recommended the product to this client, even though these clients are investors who should be aware of the chances and risks of financial investments. [NZZ 16/04/2014]

A new regulatory framework – denoted as Financial Institutions Act (FINIG) and Financial Services Act (FINLEG) that introduced new conduct rules as well as licensing and supervision regimes for portfolio managers, investment advisors, trustees, and FinTech companies – was discussed throughout Period 4. In November 2015, the Federal Council eventually adopted it. With FINIG and FINLEG, Switzerland followed international regulatory requirements, in particular, the Markets in Financial Instruments Directive (MiFID II) introduced by the European Union to enhance transparency in all asset classes and investor protection. Though not directly affected, Swiss family office advisors feared that these new directives would increase their administrative burden and challenge the business models of many private banks.

In Germany, family offices report to the German financial regulatory authority BaFin and the German Central Bank every quarter. In contrast to insurance companies and other financial institutions that manage pension schemes, they are not constrained in their investment decisions. In Period 4, there was a significant concern among family offices that this might change. They did not rule out the possibility of relocations if more regulation was introduced. Many owners of independent family offices – i.e., not affiliated with or owned by a bank – criticized the lack of legal protection of the family office as a distinct concept. This lack of clarity had led to an "inflationary use of the term family office" [HB 03/11/2014] among financial services providers, such as banks, investment advisors, or tax counsellors. In 2014, some independent family offices thus formed an association, the *Verband unabhängiger Family Offices* (VuFO, Association of Independent Family Offices).

> The Association will pursue its interests towards the legislative bodies and authorities. "Especially in awareness of the current waves of regulation it is important to distinguish between actual, independent family offices and big, bank-affiliated family office-factories", emphasizes Erdmann. [HB 03/11/2014]

French family offices were more advanced in this regard. The concept had officially been established and integrated into the French language in 2012:

> The term family office describes an enterprise managing family issues, such as the holdings of the Dassault and Peugeot families, or BMGI, the organization that manages the fortune of the Microsoft founder and the Bill & Melinda Gates Foundation. It also covers the delegation of these services to providers external to the family. In a commendable effort to enhance precision, the term has officially been translated into "manager of high fortunes", based on the suggestion of the commission for terminology and economic and financial neology. It was validated in the official Journal on 17 June 2012. The French definition of the family office is hence "a specialized organism in the administrative and financial management of considerable assets". [LM 07/03/2018]

Nonetheless, the regulative issues discussed in this period created an unfavorable environment for wealthy families in France. Taxation is a case in point:

> On 12th April 2011, President Nicolas Sarkozy's official decision to abolish the fiscal protection of big fortunes, with which he met the expectations of the majority of the Members of Parliament, acted as a cold shower for the super-rich. According to a confidential report provided by Parisian lawyers in March 2011, there has been a "considerable" increase in demand for relocation since the moment when the presidential decision became likely. [LM 07/02/2012]

Tax regulation did not only nurture the relocation of family offices in more favorable legal environments but also philanthropy among family entrepreneurs who were planning to sell their business and a higher demand for philanthropy advice:

> The banks also direct the business owners' attention to philanthropy. "We create awareness among our clients when they are engaging with succession planning, because at that time if planned properly, philanthropy will be most effective in economic terms", says Charles Bienaimé, member of the Board of Directors of Meeschaert Family Office. Indeed, if an entrepreneur transfers a certain amount of the revenues from the sale of the business to a foundation, the owner reduces the tax burden emanating from the sale. [LM 07/06/2017]

Overall, the coverage focusing on the regulative dimension generally increases over time. It reveals substantial changes in Switzerland, the UK, and France in Period 3 and even more in Period 4, but no regulatory change in Germany.

5.2 Normative dimension

In Period 1, normative issues were intensely discussed in the *Financial Times*, indicating the novelty of family offices in the early 2000s. For example, independent advice, neutrality, trust, secrecy and custom-tailored services were described as desirable features. However,

> Critics worry that these new "family offices" are little more than a new label for an old private banking service. The term has become a catch-all term for long-term services offered to wealthy families who need to transfer and manage wealth through the generations. [FT 26/06/2002]

This quote indicates that the family office-concept was not well understood. Many articles elaborated on the services provided by family offices, thereby often presenting the first-hand experience from family office advisors in Switzerland and the U.S.

In the *Neue Zürcher Zeitung*, the normative dimension was touched upon by two articles. These emphasized the need for individualized and holistic services, based on a deep understanding of a wide range of asset classes and family-related issues. The *Handelsblatt* emphasized independence as a desirable feature of family offices. Articles referred to the lack of independence of family office units of large banks, their incentive to sell their own products, and the lack of clarity of who qualifies as a potential family office client.

> The term “family office” implies holistic service offerings for multimillionaires: (…) Who is “rich” and thus worthy of using these services is an issue to be defined by the provider of these services? [HB 26/04/2002]

In normative terms, family offices were expected to offer holistic solutions that encompassed tax and inheritance planning. Large banks such as Deutsche Bank expanded their family office services and provided them with some autonomy. The rise of family offices in Germany was driven by large numbers of very wealthy families and family businesses that often faced succession challenges and were thus sold to outsiders.

The French *Le Monde* also referred to normative issues. The advent of the family office in France was triggered by the need for imitating the U.S.-style family office, which motivated the formation of the *Association française du Family Office* (AFFO) in October 2001. It aimed to specify common standards for family office professionals in an early stage of market development:

> Encouraged by experts in wealth management (bank advisors, notaries, wealth managers, etc.), it aims to familiarize the interested intermediaries with the techniques of the family office. [LM 24/09/2001]

As its President Bernard Camblain put it:

> Some families have already decided to entrust the management of their fortunes to a dedicated team of advisors. But these are not numerous, or they do this with specialists in Geneva or London. We are convinced that there is a more substantial demand. But it is still latent. It is the particular goal of the AFFO to provide a platform to utter this demand. [LM 19/11/2001]

Le Monde did not raise any normative matters in Period 2. Conversely, compared to Period 1, a change in normative issues is discernible in the *Financial Times*. Financial education regarding the inter-generational transfer of wealth became increasingly important, thereby placing more emphasis on family characteristics in Period 2 than in Period 1. Topics included not only financial competence but also psychological and ethical issues surrounding the family and its wealth. Many articles described the formation and services of renowned British family offices, such as Sand Aire, Fleming Family & Partners, and Stanhope, which were examples for newly-established multi-family offices – a concept that was less widespread in the UK than in the U.S. at that time. By attracting British clients outside the founding family and from emerging economies, they heavily invested in international expansion and did not hesitate to compete with powerful Asia-based private banking groups. Fleming, established in 2000 after the Fleming family had sold its original business to Chase Manhattan, is a case in point:

> Over the past six years, the firm has signed up 35 core clients – ranging from long-established UK families to entrepreneurs – which account for two thirds of the firm's Dollars 8.3bn of assets under management. (…) In an effort to expand into Asia and the Middle East, the firm last year sold a 20 per cent stake to Standard Chartered, the emerging markets bank, valuing the business at Pounds 225m. [FT 13/11/2006]

Even though many private banks were expanding in multi-family office services, many clients preferred setting up their own family offices that they soon opened to other families to pool resources and expertise. This development demonstrated "the growing desire for wealthy families to put their money in the hands of a sophisticated but independent institution" [FT 10/12/2005] and get access to new investment opportunities, such as hedge funds, alternative investments, and private equity, which were usually unavailable to private investors.

The *Neue Zürcher Zeitung* revealed wealth owners' growing discontent with the available financial services and, as a result, increasing market potential for family offices providing bespoke services. This discontent led to the discussion of the economic pre-conditions for the set-up and maintenance of family offices and the nature of family offices, the latter prompted by the interest of large banks in the acquisition of independent and well-renowned family offices. The articles emphasized the need for independence, professionalism, neutrality, and holistic product and service offerings. Non-financial issues, such as knowledge exchange with like-minded families, family governance, family education, and succession planning, increasingly came to the fore.

In the *Handelsblatt*, the need for independent and personal advice and the importance of long-standing relationships between families and advisors were emphasized:

> "Many business families are looking for custom-tailored concepts, which, however, require a lot of consulting work and are time-consuming", says Lutz Gebser, Chairman of the Board of the *Verband unabhängiger Vermögensverwalter* (VuV, Association of Independent Asset Managers). Thereby, most of them want to have a permanent advisor. "In banks, advisors are likely to change frequently, but asset managers don't do

> this", says Gebser. (…) "It is important that the families get personal advice that is custom-tailored to their needs", says the manager. [HB 15/05/2006]

The rise of family offices was driven by the expected wave of family business successions in the years to come:

> According to estimates, in Germany, approximately 70,000 small- to medium-sized enterprises per year must clarify succession issues. Specialists in private banks can use their experience and expertise to support critical decisions. In that vein, especially the prospect of custom-tailored family office-services can provide an important strategic approach. [HB 01/03/2006]

Large private banks continued to be interested in family office services. Sal. Oppenheim acquired Luxembourg-based Service Généraux de Gestion to expand its family office unit. The Swiss UBS bought one of the largest independent German family offices, Sauerborn Trust AG, and Deutsche Bank acquired the private bank Wilhelm von Finck. Both banks highlighted that the acquired entities would remain autonomous, indicating that they were well aware of their clients' desire for independent advice.

In Period 3, according to the *Financial Times*, independence remained a desirable characteristic of family offices. It was driven by a more pronounced need for safety, professionalism and high-quality services guaranteed by multi-family offices:

> While the multi-family offices have grown significantly in recent years, the credit crisis has given them a further boost. The turmoil in the credit markets has prompted many families to review their financial affairs. "For the first time in four years we are seeing potential clients sitting up and saying: 'Are we getting the best service?'" says Gavin Rochussen, chief executive of Fleming Family & Partners, the multi-family office originally set up to manage the wealth of the 150-strong banking family. At the same time, many wealthy families that previously relied on large private banks have increasingly sought independent advice. "The crisis has definitely moved client perceptions on what is considered to be safe," says Giuseppe Ciucci, chief executive of Stonehage, which started out administering the affairs of wealthy South African families, and has expanded since. "People have realised that independence is worth quite a lot." [FT 07/06/2008]

In the aftermath of the financial crisis, many family offices started implementing governance procedures, such as board, audit and compliance functions, although they were not legally forced to do so. Especially single-family offices that had invested in hedge funds in previous years, had difficulties in balancing their costs. Many wealthy families thus turned away from single-family offices and towards multi-family offices that could offer a more advantageous cost structure.

Generally, the beginning of Period 3 witnessed a steady growth of family offices in London, fostering an increasing demand for advice in, for example, taxation for non-domiciled individuals, cross-border administration, consolidated investment reporting and philanthropy.

> Scorpio estimates there are now more than 1,700 super-rich people worth over £50m in the UK, with total assets of almost £460bn, far more than in rival European markets such as France, Spain and Italy. (…) Mr Dovey highlighted what he called "significant individual wealth creation events" in London - such as the arrival of a new cadre of Russian billionaires and more entrepreneurs choosing to sell their companies - that had served to swell the ranks of the very rich in the capital. Another important factor in luring the ultra-wealthy to London was the ease with which financial transactions could be carried out owing to the presence of a network of high-level legal and investment advisers "as well as the beneficial tax environment for individuals - notably resident non-doms". He predicts the rate at which new family offices are being set up in London will not slow for another 12-24 months, especially in the multi-family-office sector. [FT 04/08/2008]

This growth was enabled by an influx of new clients from abroad:

> Until recently, Scott - himself fourth-generation wealthy - dealt mainly with the old-style, old-money rich. But his new clients have acquired their fortunes at greater speed. "It is clear that very significant sums have been made more recently," he says. From exclusively managing their own family fortune in 1996, Sand Aire now handles 14 clients with combined assets of around $2bn. (…) The big growth has been from first-generation wealthy - from Russia, Asia and the Middle East - who have turned London into a global centre for private client legal advice. [FT 26/10/2007]

Given that the financial sector accounts for a substantial fraction of the Swiss economy, many articles in the *Neue Zürcher Zeitung* revealed concerns about the suitability of the existing business models in this industry. Conversely, the German *Handelsblatt* did not question the business models, but it highlighted that family office managers require an extensive range of expertise and the courage to openly disagree with wealthy clients.

> A family officer must be able to listen very well while simultaneously being bold enough to contradict the client openly: "I know how entrepreneurs feel, think and act", explains Duske. "They are often surrounded by yes-sayers." Honesty and contradiction are hence appreciated. (…) "A family officer needs a comprehensive education", he says. Knowledge in taxation and finance are as valuable as marketing, management and law. "We must be a step ahead of what we read in business journals", he explains. [HB 20/03/2009]

In France, the *Association française du Family Office* decided to safeguard against the threat of misuse of the concept:

> The term "family office" is increasingly over-used. With a good address book, everybody can use it. Therefore, the Association française du family office - that comprises professionals advising families with a fortune ranging from 10 to 15 million euros - has decided to relinquish its legendary discretion. [LM 05/12/2009]

The coverage reflects the need to define the family office, specify its tasks and purpose for wealthy families, and establish standards for operating procedures and good practice.

Driven by a decreasing trust towards private banks in the aftermath of the financial crisis, Period 4 witnessed increasing popularity of family office services provided by different types of organizations, mainly denoted as multi-family offices, but the *Financial Times* also reveals some concerns:

> Not everyone in the family office space is happy about the growth of MFOs, however. Some have questioned whether they should even be called "family offices", given that more often than not, they do not have a founding family at the centre but a bank with deep coffers and a clever marketing strategy. “Many firms have set up what they like to call MFOs, but which are nothing more than glorified asset managers”, says Jon Needham, global head of fiduciary services at wealth manager SGPB Hambros. “I refer to them as wolves in sheep’s clothing. It is doing a disservice to those that I consider genuine family offices, such as single-family offices (SFOs), which actually have a founding family at their heart.” [FT 25/11/2014]

Period 4 also witnessed a change in the claim for secrecy. Single-family offices continued to insist on preserving the confidential nature of their services. However, driven by “the explosion of wealth in the past few decades and dissatisfaction with the poor performance of portfolios handled by global private banks” [FT 06/11/2013], many multi-family offices deliberately turned the spotlight on their service offerings for wealthy families and engaged with consolidation and international expansion. For example, London-based Stanhope Capital maintained an office in Geneva “to service the needs of families from Switzerland, Latin America and the Middle East who have traditionally banked there” [FT 06/11/2013] and “London-based SandAire joined with five other heavyweight MFOs from around the world to form the Wigmore Association and share investment research” [FT 07/11/2013]. In 2014, Fleming Family & Partners merged with its competitor Stonehage “to become the largest independent multi-family office in Europe, the Middle East and Africa” [FT 08/02/2015] and exploit cost savings in a global economic environment shaped by increasing regulation, low-interest rates and pressures on pricing.

In Switzerland, the normative dimension covered by the *Neue Zürcher Zeitung* reflects a sceptical attitude towards formerly independent family offices. The importance of acting as a trusted advisor for the family was stressed:

> Because of the preeminent importance of preserving wealth, it is obvious to engage an advisor for a substantial amount of the family office-services, who has proven expertise in the holistic management of wealth and a relevant network of complementary specialists. The typical role as a "trusted advisor" who enjoys the family's trust, coordinates relationships and processes, is an internal sparring partner and represents the family's interests externally. [NZZ 17/09/2014]

According to the German *Handelsblatt*, in terms of desirable behavior, clients asked for personalized investment advice and independence, meaning that family offices were expected not to sell their own products. They preferred fee-based over commission-based compensation. The VuFO integrated these demands into its formal membership guidelines.

Le Monde reported that, in contrast to their role models in the U.S., French family offices were less well organized, and the development of standards for their operating procedures was still in progress in Period 4:

> In the U.S. where these offices emerged in the 19th century, the industry is very organized, with some heavyweights such as Northern Trust or Bessemer Trust, which both have the assets of thousands of families under management. "There, it's an industry", admits a French professional. "Here, it's still a fairly opaque niche market." But it is a market that begins to develop and establish rules. One of the critical issues is the family officers' remuneration. According to the AFFO, they must be paid transparently based on the efforts and time they invest, but not in the percentage of assets under management. And, in any case, never in terms of yachts. [LM 30/03/2017]

To sum up, the normative dimension was most intensely covered in the first two study periods. The *Financial Times* deviates from this pattern with the highest percentages of articles covering normative issues in Period 2 and 4.

5.3 Cognitive dimension

In Period 1, family offices were mainly framed in a favorable manner. Both the *Financial Times* and the *Neue Zürcher Zeitung* took a positive stance. In the German *Handelsblatt*, all articles described family offices in favorable terms, though two of them expressed some concerns. Similarly, the French newspaper coverage was favorable. It reflected minor concerns resulting from the newness of the concept, leading to detailed explanations of the structures and tasks of a family office.

This positive stance hardly changed in Period 2. There were hardly any critical voices in the UK and Switzerland. In the German *Handelsblatt*, all but two articles were favorable. There was some dissatisfaction with family offices owned by banks as very wealthy clients were only one among several customer groups. In the French *Le Monde*, the coverage was also favorable. The articles reflect the novelty of the concept in France in the early 2000s as well as the need to elaborate on the tasks and meaning of family offices for preserving a family's wealth and legacy.

In Period 3, the coverage in the *Financial Times* was more critical than in previous periods, with 33 articles framing family offices unfavorably. In Switzerland, despite environmental turbulences, the coverage remained mainly favorable. The *Neue Zürcher Zeitung* described Switzerland as a global hub for a growing number of family offices serving families from multiple jurisdictions.

In the German *Handelsblatt*, four articles had an unfavorable stance. The private bank Sal. Oppenheim mainly triggered negative coverage. Initially, they received criticism for moving headquarters from Cologne/Germany to Luxembourg. The suspicion was that this decision had been influenced by the country's low-tax environment for international investors. More damaging to the reputation of family offices was its involvement in a significant investment scandal in which Sal. Oppenheim was accused of advising clients to invest in funds without informing them about their considerable risks. The bank's activities were also central to internal issues. It embarked on an international expansion program, involving acquisitions of two family offices in Luxembourg. It also planned to expand into Switzerland, India, and Poland. However, poor investment decisions resulted in high financial losses and cost the bank its independence. Eventually, Deutsche Bank – aiming to strengthen its family office unit – acquired Sal. Oppenheim.

Le Monde covered family offices favorably at the beginning of Period 3. This is in contrast to later articles regarding Clymène, the family office of L'Oréal heiress Liliane Bettencourt, one of the richest women worldwide at that time. Clymène came under scrutiny within Eric Woerth's (Minister of Budget, Public Accounts, Public Service and State Reform) initiative to combat tax evasion. It had invested in risky financial products designed for tax optimization. Bettencourt was accused of having avoided paying taxes by keeping a substantial amount of her money in undeclared Swiss bank accounts. Eric Woerth's wife Florence was one of the managers of Clymène. Despite her resignation, the linkage between the family office of a prominent figure and the political elite raised suspicions of political protection of the illegal financial transactions of the super-rich and decreased Woerth's credibility as a minister fighting against tax evasion. The articles covering the Clymène case were detrimental to the reputation of family offices in France.

In Period 4, 102 articles in the *Financial Times* can be viewed as critical or unfavorable, reporting on, for example, clients' dissatisfaction with global capital markets and inter-family conflicts in club deals promoted by some multi-family offices.

Although 21 out of 29 articles in *Le Monde* took a mainly positive stance, the French newspaper coverage was also critical. Similarly, the Swiss newspaper coverage remained positive, but it framed the family office-concept less favorable than previously. For example, between 2013 and 2018, the *Neue Zürcher Zeitung* repeatedly covered a prominent case of alleged tax evasion. The Swiss tax authorities claimed that the entrepreneur Urs Schwarzenbach who was officially domiciled in the UK had not correctly declared more than 200 works of art totalling approximately 130 million Swiss francs to avoid paying value-added tax in Switzerland. His family office – Villa Falkenstein in Zurich – came under scrutiny. The Swiss tax authorities and legal bodies suspected professional art-dealing there and refused to treat it as a private family office exempted from tax.

Schwarzenbach argued that he had bought these works of art in the UK and that his employees in Zurich had just provided some administrative support. Another topic that was critically covered was the independence of family offices that had been acquired by large banks. For instance,

> in 2004 UBS acquired Sauerborn Trust that was managing the fortunes of about 100 wealthy families. This acquisition increased the assets under management from 10 billion to 16 billion euros in one swoop. However, because many families did not appreciate the change from a family office to a major bank, the potential of this transaction could never be fully used. [NZZ 14/11/2012]

In the *Handelsblatt*, 29 articles discussed family offices in unfavorable terms. For instance, the Sal. Oppenheim scandal that had emerged in Germany in Period 3 continued to be relevant. In Period 4, Sal. Oppenheim became involved in a new scandal. It had advised wealthy clients to invest in questionable funds. Deutsche Bank, the new owner of Sal. Oppenheim, analyzed these funds and concluded that they enabled money laundering. The bank hence filed lawsuits against several clients and bank managers. Clients, who had been advised to invest in these funds, perceived this legal action as a massive breach of trust. Moreover, the *Handelsblatt* reported a range of examples in which family offices had misinformed their clients, for example, referring to the risks associated with dividend-stripping practices involving dispersed tax refunds (denoted as cum-ex-funds), or in which the family office-concept had been misused to gain unfair personal advantages.

Table 1 summarizes our findings and illustrates commonalities and differences in the drivers, outcomes and extent of institutional change across countries and over time.

	UK	Switzerland	Germany	France
P1	*regulative* (3 ≈ 9%): no change *normative* (9 ≈ 26%): no change but discussion of normative issues *cognitive* (31 favorable ≈ 89%): mainly positive stance	*regulative* (0): no change *normative* (2 ≈ 25%): the need for individualized and holistic services *cognitive* (8 favorable ≈ 100%): positive stance	*regulative* (2 ≈ 22%): no change *normative* (4 ≈ 44%): need driven by the expected succession wave in German family businesses *cognitive* (9 favorable ≈ 100%): positive stance	*regulative* (0): no change *normative* (2 ≈ 67%): change in ideas on wealth management leading to the establishment of the AFFO *cognitive* (3 favorable ≈ 100%): positive stance
P2	*regulative* (2 ≈ 4%): no change *normative* (16 ≈ 32%): financial education and intergenerational transfer of wealth, MFOs as a new trend, increasing emphasis on independence and sophisticated investment opportunities *cognitive* (47 favorable ≈ 94%): mainly positive stance	*regulative* (2 ≈ 29%): no change *normative* (3 ≈ 43%): increasing focus on what an FO should do and non-financial issues *cognitive* (6 favorable ≈ 86%): mainly positive stance	*regulative* (4 ≈ 18%): broadening investment opportunities of FOs *normative* (11 ≈ 50%): ongoing discussion driven by the expected succession wave in German family businesses *cognitive* (20 favorable ≈ 91%): mainly positive stance	*regulative* (0): no change *normative* (0): no change *cognitive* (1 favorable ≈ 100%): no change
P3	*regulative* (22 ≈ 15%): US legislation as a role model, plans of the UK government that eventually did not materialize *normative* (36 ≈ 25%): no change *cognitive* (107 favorable ≈ 74%): more critical stance	*regulative* (3 ≈ 16%): pressures from abroad influencing the business models of Swiss FOs *normative* (4 ≈ 21%): no change *cognitive* (17 favorable ≈ 89%): mainly positive stance	*regulative* (7 ≈ 23%): minor positive change in taxation with an indirect effect on FOs *normative* (8 ≈ 27%): FO as a trusted advisor *cognitive* (26 favorable ≈ 87%): some critical coverage of central actors' detrimental behavior	*regulative* (3 ≈ 20%): regulative initiatives to combat tax evasion with an indirect effect on FOs *normative* (3 ≈ 20%): discussion about definition and tasks of FOs *cognitive* (8 favorable ≈ 53%): critical coverage of central actors' questionable behavior
P4	*regulative* (77 ≈ 22%): new taxation rules for international families *normative* (98 ≈ 28%): increase in international families promoting internationalization and MFOs *cognitive* (251 favorable ≈ 71%): critical though still positive stance	*regulative* (13 ≈ 29%): substantial pressures for change from abroad, leading to significant indirect effects on FOs *normative* (10 ≈ 22%): discussion about the independence of FOs *cognitive* (36 favorable ≈ 80%): more critical stance	*regulative* (38 ≈ 23%): rumors about unfavorable changes for FOs and their clients *normative* (49 ≈ 30%): need for an FO-definition leading to the establishment of the VuFO *cognitive* (139 favorable ≈ 84%): ongoing scandals	*regulative* (5 ≈ 17%): binding definition of FOs in 2012 *normative* (3 ≈ 10%): ongoing discussion of normative issues spills over to regulation and legitimizes the FO- concept *cognitive* (21 favorable ≈ 72%): mainly positive but critical stance

Notes: P = study period, FO = family office, MFO = multi-family office.
Number of articles and percentage of overall coverage per institutional dimension in parentheses.

Table 1. Commonalities and differences across countries and study periods

6. Discussion and conclusions

6.1 Commonalities and differences

The coverage focusing on the *regulative* dimension illustrates that some changes worsened the environment for family offices. For instance, in Switzerland, U.S. tax legislation undermined the country's banking secrecy; national laws that followed regulatory changes introduced by the EU indirectly increased the administrative burden of Swiss family offices. In the UK, the abolishment of the tax exemption for a significant portion of wealthy individuals non-domiciled in the country hurt family offices. In France, the higher taxation of vast fortunes reduced the attractiveness of the country for this type of financial actor and encouraged investment in trusts to mitigate tax. That the three countries implemented regulation that negatively affected family offices was due to internal and external reasons. Specifically, internal factors triggered the higher taxation of big fortunes in France. Similarly, they prompted the higher taxation of wealthy individuals non-domiciled in the UK. In Switzerland, in contrast, external pressure in terms of regulatory changes in the U.S. and the EU led to tighter regulation of family offices. The fact that external forces shaped Swiss law highlights that the impact of international activity on country-level institutional systems should not be downplayed (Tempel & Walgenbach, 2007). This development supports the coercion thesis (Koning, Mertens, & Rosenboom, 2018), according to which adoption is likely if international organizations strongly influence a country.

In France, the legal protection of what constitutes a family office enhanced their reputation and improved the environment of family offices. The attempt of the German association VuFO to achieve the same goal failed. These initiatives to impose a family office-definition are theoretically relevant as there is limited knowledge on how family businesses or dedicated institutions influence the institutional environment (Soleimanof et al., 2018). Failed attempts to develop institutions are underexplored in institutional theory and worthy of analysis (Micelotta et al., 2017). From a comparative institutionalism perspective, a French-German comparison might be intriguing as this literature classifies both countries as coordinated market economies that support collaboration between different types of actors (Hall & Soskice, 2001; Schneider & Paunescu, 2012). That the relevant industry association in Germany was not able to legally protect the family office-concept is surprising, given the strong position of industry associations in coordinated market economies. An explanation might be that the founding members of its French equivalent AFFO were well-established within the country's financial system. They represented renowned private banks and family business advisors. The founding members of the VuFO were more peripheral to the influential circles of Germany's financial system. They attempted to protect a family office-concept that went against the interests of the financial elite represented by, for example, Deutsche Bank. Specifically, the VuFO aims at confining the family office-concept to providers that do not sell their own financial products, which rarely applies to banks. If change initiatives do not fit into the broader national institutional context or undermine the position of powerful actors, they tend to fail or lack effectiveness (Eesley, Li, & Yang, 2016; Hall & Thelen, 2008). Apart from that, the fact that the liberal market economies of the UK and Switzerland witnessed more negative institutional changes than the coordinated market economies to the regulatory framework, especially Germany, is unexpected. Liberal market economies tend to be more supportive of financial investors than coordinated economies (Aguilera & Jackson, 2003; Jung, Aguilera, & Goyer, 2015).

Regarding the *normative* dimension, across the four countries, the growth in global wealth and the internationalization of families pursuing entrepreneurial opportunities all over the world nurtured an increase in demand for multi-family offices with branches in several countries, expertise in multiple fields and jurisdictions, and cross-disciplinary teams of advisors. This finding supports Decker and Lange's (2016) claim that a global field of multi-family offices exists. Normative issues explain the similarity of their value propositions across national boundaries.

Regarding the *cognitive* dimension, Table 1 shows that the coverage tends to be more benevolent in Period 1 and 2 than in later study periods, and it becomes more critical over time. The discussion of family offices in the final study period is more favorable in Germany (84%) than in Switzerland (80%), France (72%), and the UK (71%). Another difference is the source of the criticism. Newspaper articles criticize family offices either from a societal or a client perspective.

The critique from a societal perspective was most pronounced in France. Unfavorable coverage focused on the scandal surrounding the Clymène family office and the close ties between the economic and political elite. Articles expressed the suspicion that these close ties had facilitated tax evasion on a large scale. Stevenot, Guery, Wood, and Brewster (2018) who report links between the state and finance in the related area of private equity, corroborate our findings. Switzerland also experienced a tax evasion scandal. However, the unfavorable coverage was more directed towards the accused individual than family offices in general, and the tax authorities doubted whether the organization under scrutiny was a family office. The scandal did not tarnish the reputation of family offices.

From a client point of view, insufficient competence and conflicts of interest are the two sources of criticism. In the UK, the competence-based critique was dominant. Many family offices had been caught out by the financial crisis and did not react to it quickly and professionally. There was the view that the lack of effective corporate governance had exacerbated this problem. In Germany, a perceived conflict of interest between providers of family office services and their clients attracted more attention than in the UK. Deutsche Bank is a case in point. It tarnished the reputation of bank-affiliated providers of family office services as it hurt the trust relations between these financial institutions and their clients.

6.2 Contributions, limitations, and avenues for future research

Overall, the findings support the view that "comparative cases are essential if we are to develop a better understanding of how and why we observe some outcomes, but not others, given similar contextual conditions" (Micelotta et al., 2017, p. 1905). We observe changes, especially in the regulative and cognitive dimensions, but the drivers of change differ across countries. Mainly external factors have triggered an institutional change in the UK and Switzerland; internal drivers have prevailed in France and Germany.

Von Bloh et al. (2019) highlight the potential of media coverage for research in and across regions. Our study is one of the rare examples of examining variations in newspaper coverage across countries. Nonetheless, the main limitations that we see result from the chosen data. First, most family offices, especially small single-family offices, are secretive organizations that are reluctant to disclose their identities in the media. The family offices that are repeatedly covered tend to be large, globally operating multi-family offices that use the public interest to attract new clients (Decker & Lange, 2013). Thus, the data may be biased towards multi-family offices. Second, in line with the institutional tradition in media coverage research that views the media as "part of an institutional field of firm constituents for whom the media provide a stage for presenting their views on matters concerning a firm" (Graf-Vlachy et al., 2019, p. 9), this study adopts a macro view. A content analysis of articles does not reveal the microfoundations of institutional change, such as changes in the daily operations adopted by family offices to cope with changes in regulation. The dataset does not shed light on how the dynamics of the entrepreneurial families behind the family offices, such as their willingness to take advice (Strike, 2012), family members' actions and interactions with individuals inside and/or outside the family (Soleimanof et al., 2019), or generational involvement (Gray, 2005), affect the (non-) compliance with changes in institutions (Soleimanof et al., 2018). The combined analysis of media data and in depth-interviews (e.g., Decker & Günther, 2016) or ethnographic approaches (e.g., Glucksberg & Burrows, 2016) in future research could be revealing about microfoundations.

Overall, we hope that our study guides promising future comparative research on the impact of institutional change on family offices.

References

Aguilera, R.V., & Jackson, G. (2003). The cross-national diversity of corporate governance: Dimensions and determinants. *Academy of Management Review, 28*(3), 447-465.

Ahlstrom, D., & Bruton, G.D. (2006). Venture capital in emerging economies: Networks and institutional change. *Entrepreneurship Theory and Practice, 30*(2), 299-320.

Ahlstrom, D., & Bruton, G.D. (2010). Rapid institutional shifts and the co-evolution of entrepreneurial firms in transition economies. *Entrepreneurship Theory and Practice, 34*(3), 531-554.

Alden, C. (2005). Looking back on the crash. *The Guardian*, 10th March 2005. Available at https://www.theguardian.com/technology/2005/mar/10/newmedia.media (November 24, 2018).

Beaverstock, J.V., Hall, S., & Wainwright, T. (2013). Servicing the super-rich: New financial elites and the rise of the private wealth management retail ecology. *Regional Studies, 47*(6), 834-849.

Bork, D. (2006). Turkey. In F.W. Kaslow (Ed.), *Handbook of Family Business and Family Business Consultation: A Global Perspective* (pp. 293-317). Binghamton, NY: International Business Press.

Carney, M. (2005). Corporate governance and competitive advantage in family-controlled firms. *Entrepreneurship Theory and Practice, 29*, 249-265.

Carney, M., Gedajlovic, E., & Strike, V.M. (2014). Dead money: Inheritance law and the longevity of family firms. *Entrepreneurship Theory and Practice, 38*, 1261-1283.

Chua, J.H., Chrisman, J.J., Steier, L.P., & Rau, S.B. (2012). Sources of heterogeneity in family firms: An introduction. *Entrepreneurship Theory and Practice, 36*(6), 1103-1113.

Craig, J.B., & Moores, K. (2010). Championing family business issues to influence public policy: Evidence from Australia. *Family Business Review, 23*(2), 170-180.

Decker, C., & Günther, C. (2016). Coordinating family entrepreneurship: When money seeks opportunity. *International Journal of Entrepreneurial Venturing,* 8, 46-61.

Decker, C., & Lange, K. (2013). Exploring a secretive organization: What can we learn about family offices from the public sphere? *Organizational Dynamics, 42*(4), 298-306.

Decker, C., & Lange, K. (2016). The global field of multi-family offices: An institutionalist perspective. *Journal of Financial Services Marketing, 21*, 64-75.

Downs, A. (1972). Up and down with ecology: The issue-attention cycle. *Public Interest, 28*, 38-50.

Dunn, M.G. (1980). The family office as a coordinating mechanism within the ruling class. *Critical Sociology, 9*(2-3), 8-23.

Duriau, V.J., Reger, R.K., & Pfarrer, M.D. (2007). A content analysis of the content analysis literature in organization studies. Research themes, data sources, and methodological refinements. *Organizational Research Methods, 10*, 5-34.

Eesley, C., Li, J.B. & Yang, D. (2016). Does institutional change in universities influence high-tech entrepreneurship? Evidence from China's Project 985. *Organization Science* 27(2): 446-461.

Eigenheer, R. (2014). New data on global differences in family offices. *World Economics, 15*(1), 133-160.

Geveke, K. (2018). Family offices as advisory bodies in Germany, Great Britain and Switzerland. An empirical survey of their structures, frameworks and aims. *International Journal of Research in Business Studies and Management, 5*(1), 11-18

Gilding, M. (2005). Families and fortunes: Accumulation, management succession and inheritance in wealthy families. *Journal of Sociology, 41*, 29-45.

Glucksberg, L., & Burrows, R. (2016). Family offices and the contemporary infrastructures of dynastic wealth. *Sociologica, Italian Journal of Sociology on Line*, 2/2016, DOI: 10.2383/85289.
Graf-Vlachy, L., Oliver, A.G., Banfield, R., König, A., & Bundy, J. (2019). Media coverage of firms: Background, integration, and directions for future research. *Journal of Management*, in press. DOI: 10.1177/0149206319864155.
Gray, L. (2005). How family dynamics influence the structure of the family office. *Journal of Wealth Management, 8*, 9-17.
Hall, P.A., & Soskice, D. (2001). An introduction to varieties of capitalism. In P.A. Hall, & D. Soskice (Eds.), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (pp. 1-68). Oxford: Oxford University Press.
Hall, P.A., & Thelen, K. (2008). Institutional change in varieties of capitalism. *Socio-Economic Review, 7*(1), 7-34.
Harrington, B. (2016). *Capital without Borders: Wealth Managers and the One Percent.* Cambridge, MA: Harvard University Press.
Hauser, B. (2001). The family office: Insight into their development in the U.S., a proposed prototype, and advice for adaptation in other countries. *Journal of Wealth Management, 4*(2): 9-17.
Hoffman, A.J. (1999). Institutional evolution and change: Environmentalism and the U.S. chemical industry. *Academy of Management Journal, 42*, 351-371.
Hotho, J., & Saka-Helmhout, A. (2017). In and between societies: Reconnecting comparative institutionalism and organization theory. *Organization Studies, 38*(5), 647-666.
Jaffe, D.T., & Lane, S.H. (2004). Sustaining a family dynasty: Key issues facing complex multigenerational business- and investment-owning families. *Family Business Review, 17*, 81-98.
Jaskiewicz, P., Combs, J.G., & Rau, S.B. (2015). Entrepreneurial legacy: Toward a theory of how some family firms nurture transgenerational entrepreneurship. *Journal of Business Venturing, 30*(1), 29-49.
Jung, D.K., Aguilera, R., & Goyer, M. (2015). Institutions and preferences in settings of causal complexity: Foreign institutional investors and corporate restructuring practices in France. *International Journal of Human Resource Management, 26*(16), 2062-2086.
Kaslow, F.W. (2006). Brief History of the Family Firm Institute. In F.W. Kaslow (Ed.), *Handbook of Family Business and Family Business Consultation: A Global Perspective*, (pp. 3-24). Binghamton, NY: International Business Press.
Kim, J.-H. (2006). Korea. In F.W. Kaslow (Ed.), *Handbook of Family Business and Family Business Consultation: A Global Perspective* (pp. 179-202). Binghamton, NY: International Business Press.
Koning, M., Mertens, G., & Roosenboom, P. (2018). Drivers of institutional change around the world: The case of IFRS. *Journal of International Business Studies, 49*, 249-271.
Korom, P., Lutter, M., & Beckert, J. (2017). The enduring importance of family wealth: Evidence from the Forbes 400, 1982 to 2013. *Social Science Research, 65*, 75-95.
Lansberg, L., & Perrow, E. (1991). Understanding and working with leading family businesses in Latin America. *Family Business Review, 5*, 127-147.
Leaptrott, J. (2005). An institutional theory view of the family business. *Family Business Review, 18*(3), 215-228.
Mann, A., & Nunes, T. (2009). After the dot-com bubble: Silicon Valley high-tech employment and wages in 2001 and 2008. *U.S. Bureau of Labor Statistics, Regional Report*, August 2009.

Available at https://www.bls.gov/opub/btn/archive/after-the-dot-com-bubble-silicon-valley-high-tech-employment-and-wages-in-2001-and-2008.pdf (November 24, 2018).
Micelotta, E., Lounsbury, M., & Greenwood, R. (2017). Pathways of institutional change: An integrative review and research agenda. *Journal of Management, 43*(6), 1885-1910.
Naldi, L., Chirico, F., Kellermanns, F., & Campopiano, G. (2015). All in the family? An exploratory study of family member advisors and firm performance. *Family Business Review, 28*, 227-242.
Norris, F. (2011). Crisis is over, but where is the fix? *The New York Times*, 11 March 2011: B1.
Panico, M., Raithel, S., & Michel, E. (2014). The effect of media coverage on employer reputation. *Journal of Media Economics, 27*, 181-198.
Parada, M.J., Nordqvist, M., & Gimeno, A. (2010). Institutionalizing the family business: The role of professional associations in fostering a change of values. *Family Business Review, 23*(4), 355-372.
Reay, T., Pearson, A., & Dyer, G. (2013). Advising family enterprise: Examining the role of family firm advisors. *Family Business Review, 26*, 209-214.
Rosplock, K. (2014). *The Complete Family Office Handbook. A Guide for Affluent Families and the Advisors Who Serve Them*. Hoboken, NJ: John Wiley & Sons.
Schickinger, A., Leitterstorf, M.P., & Kammerlander, N. (2018). Private equity and family firms: A systematic review and categorization of the field. *Journal of Family Business Strategy*, *9*, 268-292.
Schneider, M., & Paunescu, M. (2012). Changing varieties of capitalism and revealed comparative advantages from 1990 to 2005: A test of the Hall and Soskice claims. *Socio-Economic Review, 10*, 731-753.
Scott, W.R. (2001). *Institutions and Organizations*. London: Sage.
Seaman, C. (2015). Creating space for the business family. Networks, social capital & family businesses in rural development. *Journal of Family Business Management, 5*(2), 182-191.
Soleimanof, S., Rutherford, M.W., & Webb, J.W. (2018). The intersection of family firms and institutional contexts: A review and agenda for future research. *Family Business Review, 31*, 32-53.
Soleimanof, S., Singh, K., & Holt, D.T. (2019). Micro-foundations of corporate entrepreneurship in family firms: An institution-based perspective. *Entrepreneurship Theory and Practice, 43*(2), 274-281.
Stevenot, A., Guery, L. Wood, G., & Brewster, C. (2018). Country of origin effects and new financial actors: Private equity investment and work and employment practices of French firms. *British Journal of Industrial Relations, 56*(4), 859-881.
Stough, R., Welter, F., Block, J., Wennberg, K., & Basco, R. (2015). Family business and regional science: "Bridging the gap". *Journal of Family Business Strategy, 6*, 208-218.
Strike, V.M. (2012). Advising the family firm: Reviewing the past to build the future. *Family Business Review, 25*, 156-177.
Strike, V.M. (2013). The most trusted advisor and the subtle advice process in family firms. *Family Business Review, 26*, 293-313.
Strike, V.M., Michel, A., & Kammerlander, N. (2018). Unpacking the black box of family business advising: Insights from psychology. *Family Business Review, 31*(1), 80-124.
Su, E. & Dou, J. (2013). How does knowledge sharing among advisors from different disciplines affect the quality of the services provided to the family business client? An investigation from the family business advisor's perspective. *Family Business Review, 26*, 256-270.

Suess, J. (2014). Family governance – Literature review and the development of a conceptual model. *Journal of Family Business Strategy*, *5*, 138-155.
Tempel, A., & Walgenbach, P. (2007). Global standardization of organizational forms and management practices? What New Institutionalism and the Business-Systems approach can learn from each other. *Journal of Management Studies, 44*(1), 1-24.
Vago, M. (2006). International expansion of family business consultation: Consulting in different countries. In F.W. Kaslow (Ed.), *Handbook of Family Business and Family Business Consultation: A Global Perspective* (pp. 25-44). Binghamton, NY: International Business Press.
von Bloh, J., Broekel, T., Özgun, B., & Sternberg, R. (2019). New(s) data for entrepreneurship research? An innovative approach to use Big Data on media coverage. *Small Business Economics*, in press. DOI: 10.1007/s11187-019-00209-x.
Welsh, D., Memili, E., Rosplock, K., & Segurado, J. (2013). Perceptions of entrepreneurship across generations in family offices: A stewardship theory. *Journal of Family Business Strategy, 4*, 213-226.
Welter, F. (2011). Contextualizing entrepreneurship – conceptual challenges and ways forward. *Entrepreneurship Theory and Practice, 35*, 165-184.
Wessel, S., Decker, C., Lange, K., & Hack, A. (2014). One size does not fit all: Entrepreneurial families' reliance on family offices. *European Management Journal, 32*, 37-45.
Whitley, R. (1999). *Divergent Capitalisms : The Social Structuring and Change of Business Systems.* Oxford: Oxford University Press.
Wonneberger, A., & Jacobs, S. (2017). Media positioning: Comparing organizations' standing in the news. *Corporate Communications: An International Journal, 22*(3), 354-368.
Wright, M., Chrisman, J.J., Chua, J.H., & Steier, L.P. (2014). Family enterprise and context. *Entrepreneurship Theory and Practice, 38*(6), 1247-1260.
Yunis, J.J. (2006). Chile. In F.W. Kaslow (Ed.), *Handbook of Family Business and Family Business Consultation: A Global Perspective* (pp. 151-164). Binghamton, NY: International Business Press.
Zellweger, T., & Kammerlander, N. (2015). Family, wealth, and governance: An agency account. *Entrepreneurship Theory and Practice, 39*(6), 1281-1303.